



DRAFT

Virginia Aviation Board
Workshop
FEBRUARY 17, 2004

MINUTES OF THE VIRGINIA AVIATION BOARD WORKSHOP MEETING – FEBRUARY 17, 2004, 3:00 P.M. AT THE IVOR-MASSEY BUILDING, RICHMOND INTERNATIONAL AIRPORT, RICHMOND, VIRGINIA 23250

MEMBERS PRESENT

Roger L. Oberndorf, Chairman
John G. Dankos, Jr.
Bob L. Johnson
Robert H. Neitz
Marianne M. Radcliff
Emmitt F. Yearly
William J. Kehoe

OTHERS PRESENT

Airport Managers and Sponsors, Department of Aviation staff, and Consultants

1. CALL TO ORDER

Chairman Roger Oberndorf called the meeting to order and turned the floor over to Director Macfarlane. Mr. Macfarlane informed the members that seating positions were changed so they could better see presentations and not have their backs to the audience. He remarked that the Department of Aviation and Capital Region Airport Commission staffs worked together to make sure that the microphones were in working order and that all attendees could hear the Members. Mr. Macfarlane reported that these changes are in response to comments brought to his attention after previous meetings by the Board and attendees.

2. VIRGINIA AVIATION BOARD ISSUES

a. 2005-06 Budget Proposal Update

Mr. Macfarlane provided an update on the 2005 and 2006 Budget activities at the General Assembly. He reported that House Bill 1488 passed today in the House of Delegates. Mr. Macfarlane explained that the passing of this bill would remove the sales and use tax exemptions enjoyed by airlines and increase revenue to the state by roughly \$40 million, which is potentially devastating to United Airlines and to U.S. Airways. Mr. Macfarlane asked that attendees talk with legislators and let them know of the devastating effect the passing of HB 1488 could have on the airline industry.

Mr. Macfarlane referenced the Governor's proposed budget, which was "killed", and referred to Secretary Clements letter and budget presentation under Tab 2. Mr. Macfarlane explained the Governor Warner's philosophy is that there are other revenue sources available to shore up the general fund and that the Transportation Trust Fund revenues should be used for their original purposes.

Mr. Macfarlane reported that on January 22, 2004, he presented the Department's budget request to the Senate Finance Sub-Committee on Transportation.

b. Board Meeting Cost Summary Report

Mr. Macfarlane presented a summary of current VAB individual meeting costs (developed by Roger Bowling) that was requested at the December Board meeting by Mr. Bob Johnson. Mr. Macfarlane explained the report included a cost summary analysis of two-day meetings vs. one-day meeting or quarterly meetings vs. by-monthly meetings.

Mr. Johnson stated that it was not his intent to account for staff time. The fact is that the whole process preparing for VAB meetings is time consuming on Aviation staff. The assumption is made that if the Aviation staff were not working on the VAB meeting, they would be doing something else productive.

Mr. Macfarlane suggested that breaking work into separate formal and informal meetings into two-days is helpful. This format prevents hasty actions and allows motions to be thought out thoroughly. Mr. Macfarlane asked Jim Bland for his input on the subject.

Mr. Bland remarked that this issue has come up repeatedly in the past. Mr. Bland said he feels that three months between meetings is a long time, especially if something came up at one of the airports that required quick Board action. VAB meetings are scheduled one year in advance. The Members, Aviation staff, and Consultants need the time currently allocated for VAB meetings. Mr. Bland expressed that perhaps the one-day bi-monthly meeting is a good compromise.

Mr. Macfarlane asked if there were any other comments or thoughts on this topic.

Mr. Neitz stated that if additional issues such as land use, security or funding arose, then there might not be enough time to properly address them if the meetings were shortened to one-day. He prefers the current schedule of bi-monthly two-day meetings remain.

Ms. Radcliff said that it seems the money already moves fairly slow, if there were fewer meetings the money would move even slower.

Mr. Kehoe felt that the current schedule of bi-monthly meetings seemed the most effective and he would prefer to stay with this schedule.

Mr. Oberndorf said there might be need for more special meetings if the time between Board meetings is increased. Mr. Oberndorf said he supports the meetings stay bi-monthly.

c. Change In AIP Funding Resolution to Reduce the State's Share Report

Mr. Bland referred the Board to the draft resolution behind tab 4 (copy enclosed) in their notebook. Mr. Bland explained the DRAFT Resolution by the Virginia Board would change its funding criteria for the Commonwealth's share of all federally funded (AIP) airport planning and development projects. He reminded the Board that Mr. Terry Page with the FAA, informed them at the last Board meeting of the change in the Federal share of project costs--- from 90% to 95%. However, with this increase in percentage participation by the FAA, there were no additional funds appropriated or authorized by Congress to increase the number of projects or even retain the same number of projects. Mr. Bland explained what has happened with this change is that, we have lost buying power through the whole AIP program between Federal, State and Local funds. We have actually lost about 5.2% buying power across the spectrum. In accordance with current VAB funding policy, the state's share of a project is currently eighty-percent (80%) of the non-federal share with the local share being 20% of the non-federal, which equals 2% of the total project cost for the Sponsor. Under the new FAA funding ratio, leaving the state's share at eighty-percent (80%) would reduce the local share from 2% to 1%. Mr. Bland stated this is not reasonable. Mr. Bland requested the Board to give careful review to determine the appropriate level of local participation before changing the Commonwealth's funding formula for federal AIP projects from eighty-percent of the nonfederal share of all eligible project costs to sixty-percent of the nonfederal share of all eligible project costs leaving the local share at two-percent (2%). Mr. Bland asked that the Board not take action on the resolution at this time but wait until the April Board meeting.

Mr. Dankos feels that the sponsors should be notified by DOAV, while they are preparing their budgets for next year.

Mr. Johnson would like to see a year-to-year budget comparison showing the effects with regard to State funding.

Mr. Bland said that information could be provided by using the 6-year plans.

Mr. Kehoe asked Jim Bland for clarification on the federal participation rate going to 95% and how it relates to the change in policy of 80% or 60%. Mr. Bland stated that the current criteria is 80% of the non-federal share, which would be 4% of the total project costs, leaving the sponsors share at 1% of the total project costs. Mr. Bland explained that if we go to 60%, then our share of the total project cost is 3% and sponsors share of the total project cost is 2%.

Mr. Oberndorf remarked the question is whether the sponsor would anticipate a reduction in their share until the VAB makes a decision on whether to adopt the Resolution or not.

Mr. Neitz felt that if the Resolution is adopted by the Board, then with the state's share being 3% and local share being 2%, the state could move farther down the priority list of projects. Mr. Bland said that could be true, but in actuality what will happen is that more AIP projects will come in for funding requests than non-AIP requests for funding.

d. Ground Communications Outlets Funding

The Chairman called on Mr. Vernon Carter, F & E Engineer to present an analysis concerning the eligibility of GCO's (Ground Communication Outlet) at Local Services Airports (LO).

Mr. Vernon Carter reminded the Board that at the December meeting a project was presented to the Board for a GCO at a local service airport. The Department's recommendation to the Board was to deny funding because under VATSP (Virginia Air Transportation System Plan) definition LO airports are only eligible for "safety and preservation" projects. In December it was the Departments position that a GCO did not meet the LO standard--either safety or preservation. As a result of Member discussion, the Board requested the Department Staff to reevaluate the need for GCO's to be an eligible item at local service airports.

Mr. Carter explained that generally, safety and preservation projects include, obstruction removal, pavement repairs, electrical, lighting, replacement or repairs of existing terminal building repairs.

Mr. Carter referred the Members to tab 5 to follow his presentation. Mr. Carter concluded that due to outstanding F&E commitments, current budget situation, potential future impacts, and conformance with approved VATSP definition, Department Staff does not support funding GCO's at LO airports.

Mr. Dankos stated he does not see anything in the presentation showing the role of the pilot and how the pilot communicates with ATC (Air Traffic Control) and that the whole concept between the GCO's is to relieve pilot workload (starting his airplane and getting airborne and talking to the ATC). He noted the presentation is more

information on the budget side vs. the safety side, which is what was requested. Mr. Dankos suggested asking staff to go back to the drawing board and talk about pilot issues and how these can help or the Board will make a decision on their own.

After much discussion, Mr. Macfarlane suggested that this item be discussed at tomorrow's Board meeting. It appears that the Board is approaching GCO from a safety issue not a role change at local service airports. Chairman Oberndorf asked that the item be added to the Board meeting agenda.

e. Emergency Service Airport Designation Proposal

The Chairman called on Mr. Jim Bland to discuss the Emergency Service Airport Designation proposal.

Mr. Bland provided a presentation on Virginia's Emergency Service Airport Designation proposal (Tab 6). Mr. Bland explained the experience with severe weather events resulting in the Governor's declaration of a "State of Emergency", has impressed on the Department the need to designate a sub-system of airports across the state as "Emergency Service Airports". Examples of systems/equipments needs include the following:

- Alternate power source (APU) to power operations area, rotating beacon, runway lights, Navaids, and AWOS
- Heavy duty tractor with snow removal blade/attachments
- Other attachments as necessary for heavy duty lifting or moving of debris
- Reliable navigational aids, visual aids and on-site weather reporting
- Reliable communications
- Storage facilities for chemicals or sand

Mr. Macfarlane stated that the impetus behind this interest is the need for emergency medical helicopters in such events as the immediate aftermath of a hurricane such as Isabel. He reported that the Williamsburg-Jamestown Airport had no electricity which resulted in an inability to operate runway lights or fuel pumps.

Mr. Bland stated the Department's recommendation is to endorse the concept of designating certain airports as "Emergency Service Airports". The Department will provide the details for a plan at a later date. DOAV is not asking for Board action at this time.

f. Security Program Status Update

Mr. Cliff Burnette provided the Board with an update regarding the status of the General Aviation Airport Security Program (Tab 7).

Mr. Neitz wanted to know how we compare to other states. Mr. Burnette said that Virginia is dedicating more money than our neighboring states. Mr. Macfarlane stated that Massachusetts has adopted the use of photo ID badges. Virginia wants to

maintain a voluntary security program. Mr. Macfarlane wanted everyone to know that the table provided by Mr. Burnette is so that they could see the status of airports and so that the Members can talk and work with airports in their region, and see where they stand in the process. We want to put the remaining money allocated for security under grant by the end of the fiscal year.

Mr. Macfarlane introduced Mr. John Settle to the Members as the Department's newest employee. Mr. Settle has been hired as the Security Compliance Officer. Mr. Settle comes to us after fifteen years with the Department of Taxation and he will be working with aircraft owners in the voluntary compliance of licensing of aircraft.

g. Security Program Changes Resolution

Mr. Burnette asked the Board to refer to Tab 8 (copy enclosed). Mr. Burnette provided the Board with a Draft copy of a new Security Program Resolution that would replace the February 2003 resolution. He explained the revised resolution would allow the Department to respond quicker to meeting airport needs. The first Resolution dated February 19, 2003 was passed prior to DOAV receiving the grant from the FAA and because of that, we were going to have to use part of the \$1.5 million Security Program budget to fund airport security plans, audits specifically. The DRAFT Resolution removes the stipulation of the dollar amounts in the first resolution. This resolution is being submitted for consideration by the Board.

h. Airport Lease Approval Proposed Letter To Sponsors

Mr. Jim Bland reminded the Board that at the December meeting, the Department was requested to draft a letter to all airport sponsors regarding the Department's approval of airport leases (Tab 9). Mr. Bland asked that the Board review the letter and provide any comments or changes back to the Department.

Mr. Johnson wanted to know if the Board and DOAV are ready to deal with what we have learned from the Lonesome Pine "through the fence" operation. If someone has a "through the fence" operation not properly noted via lease, then there is something wrong. This practice should be the standard for everyone with a "through the fence" situation. The letter going out to all airport sponsors should be standard.

Mr. Macfarlane reported that, Mr. Yeary and DOAV have met with the parties at Congressman Boucher's office. The Department has not taken a formal position and is currently waiting for a response from an inquiry before doing so. Mr. John Settle recently found out that out of the five aircraft in the two buildings off the airport property, there are three owners not two. Of the five airplanes, three have not paid their aircraft license tax. The Department is working on the situation, but if the Board would like to take formal action supporting Mr. Yeary on what he has done, Mr. Macfarlane felt that the Department is comfortable with that concept. DOAV has agreed to the draft lease, but it has not been accepted by the other side.

Mr. Yeary reported he met in Congressman Boucher's office on January 14, 2004. In 1979, George Robinson, either a manager or Airport Commission member wanted a taxiway to his property. There was an apparent licensed agreement agreed to by the State, not the FAA. Sometime later Mr. Jerry Warton, co-chairman of the airport commission, obtained a deed for the right of way to the airport. There was also a history of dispute with regard to land ownership of the airport. Once the land issue was resolved, the chairman of the airport commission gave a "right of way" to Mr. Warton and Mr. Bevins. In his opinion, there appears to be insider trading of public property to individuals by the Airport Commission. "Whatever we do, if there has been any wrongdoing, we should not do anything to ratify or sanctify actions that were wrong to begin with." Mr. Yeary reported that he has turned the file over to the U.S. Attorney's Office. Mr. Yeary distributed some aerial photos that he would like to have put with the workshop and meeting minutes. (photos enclosed)

Mr. Neitz wanted to know if there would be any utility in requiring airports to report any past transactions that are still alive in terms of easements, conveyances or leases that are in violation of this policy. Would it be possible to gather this information and would it be helpful?

Mr. Bland asked that if there are any changes the Board wished to make to the airport lease letter, to please let Cliff Burnette know so that the letter can be sent out to all airport sponsors.

Mr. Johnson stated that he wants to keep the letter broad in nature.

Chairman Oberndorf asked if conveyance of the property was supported by the Airport Commission. According to Mr. Yeary, the minutes of the meeting were vague. Mr. Gary Bevins who is a recipient of one of the deeds abstained with no stated grievances.

Chairman Oberndorf asked the Board members what course of action to follow. Approve the letter or wait until tomorrow's meeting.

Mr. Kehoe suggested the board review the letter and keep it simple.

Chairman Oberndorf said he would entertain a motion at tomorrow's meeting for the airport lease letter.

i. VRA Revolving Airport Loan Program Update

Mr. Mike Swain referenced the Board to Tab 10. Mr. Swain discussed a VRA (Virginia Resources Authority) loan application for Charlottesville-Albemarle County. He reported that Charlottesville-Albemarle called on Friday and sent their application in this afternoon via fax. Charlottesville-Albemarle has been coordinating their package with Michelle Schlager, VRA Representative. The Charlottesville-Albemarle package is a refund and then a re-issue of series 1995 and 1998 General Airport Revenue Bonds. There will be a new summary sheet for the meeting tomorrow

showing the VRA loan application. Michelle Schlager from VRA will be available to answer questions at the Board meeting.

Mr. Swain presented a memo showing the 2004 tentative allocations that DOAV recommends be cut in half. This action would result in a 95% federal share, a 4% state share and a 1% local share for AIP projects. This memo is found in the Program section of the Board Package.

With no further business, the workshop was adjourned.